

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON

WESTERN PENNSYLVANIA  
ELECTRICAL FUND and GEORGE  
HAROUTUNIAN,

3:16-cv-00470-PK

ORDER

Plaintiffs,

v.

MENTOR GRAPHICS CORPORATION,  
WALDEN C. RHINES, GREGORY K.  
HINCKLEY, and JOSEPH REINHART,

Defendants.

BROWN, Senior Judge.

Magistrate Judge Paul Papak issued Findings and Recommendation (#112) on May 29, 2018, in which he recommends the Court grant the Motion (#92) to Dismiss filed by Defendants Mentor Graphics Corporation, Walden C. Rhines, Gregory K. Hinckley, and Joseph Rienhart; grant Defendants' Request (#94) for Judicial Notice and Supplemental Request (#103) for Notice of Incorporation by Reference; and dismiss with prejudice the First Amended Complaint (#87) filed by Plaintiffs Western Pennsylvania Electrical Fund and George Haroutunian. Plaintiffs filed timely

Objections to the Findings and Recommendation. The matter is now before this Court pursuant to 28 U.S.C. § 636(b)(1) and Federal Rule of Civil Procedure 72(b).

When any party objects to any portion of the Magistrate Judge's Findings and Recommendation, the district court must make a *de novo* determination of that portion of the Magistrate Judge's report. 28 U.S.C. § 636(b)(1). See also *Dawson v. Marshall*, 561 F.3d 930, 932 (9th Cir. 2009); *United States v. Reyna-Tapia*, 328 F.3d 1114, 1121 (9th Cir. 2003) (*en banc*).

#### **PROCEDURAL BACKGROUND**

On August 23, 2017, the Court adopted the Magistrate Judge's prior Findings and Recommendation (#72), dismissed Plaintiffs' Amended Complaint (#47) without prejudice, and allowed Plaintiffs to replead. See Order (#84).

On October 18, 2017, Plaintiffs filed a First Amended Complaint (#87).<sup>1</sup>

On December 16, 2017, Defendants filed a Motion (#92) to Dismiss the First Amended Complaint and a Request (#94) for Judicial Notice. On February 18, 2018, Defendants filed a Supplemental Request (#103) for Notice of Incorporation by Reference.

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<sup>1</sup> Although Plaintiff titled this pleading "First" Amended Complaint, it was actually the second time Plaintiffs had amended their Complaint.

As noted, the Magistrate Judge recommends the Court grant Defendants' Request for Judicial Notice, Supplemental Request for Notice of Incorporation by Reference, and Motion to Dismiss and dismiss Plaintiffs' First Amended Complaint with prejudice.

On June 12, 2018, Plaintiffs filed Objections (#114) to the Magistrate Judge's Findings and Recommendation.

On June 26, 2018, Defendants filed a Response (#116) to Plaintiffs' Objections.

### **DISCUSSION**

Plaintiffs allege Defendants violated federal securities laws by disseminating materially false and misleading statements and concealing materially adverse facts regarding Mentor Graphics Corporation's then-current financial condition and growth prospects.

Defendants seek to dismiss Plaintiffs' First Amended Complaint (#87) on the ground that Plaintiffs' amended allegations fail to state a claim for violation of Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. § 78j(b); Rule 10b-5, codified at 17 C.F.R. § 240.10b-5; and Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

As noted, the Magistrate Judge recommends the Court grant Defendants' Motion to Dismiss Plaintiffs' First Amended Complaint with prejudice on the ground that Plaintiffs' claims were

previously dismissed for the same reasons that apply here and Plaintiffs failed to correct the deficiencies identified in the Court's Order (#72) issued June 2, 2017. The Magistrate Judge also recommends the Court grant Defendants' Request for Judicial Notice and Supplemental Request for Notice of Incorporation by Reference on the ground that the documents were expressly referenced in the prior Complaints, were excerpts from the same transcript of trial testimony previously noticed, or were adjudicative facts.

In their Objections Plaintiffs primarily reiterate the arguments made in their Response to Defendants' Motion to Dismiss, Request for Judicial Notice, and Supplemental Request for Notice of Incorporation by Reference.

This Court has fully considered Plaintiffs' Objections and concludes they do not provide any basis to modify the Findings and Recommendation. The Court also has reviewed the pertinent portions of the record *de novo* and does not find any error in the Magistrate Judge's Findings and Recommendation.

#### **CONCLUSION**

The Court **ADOPTS** Magistrate Judge Papak's Findings and Recommendation (#112), **GRANTS** Defendants' Request (#94) for Judicial Notice, **GRANTS** Defendants' Supplemental Request (#103) for Notice of Incorporation by Reference, and **GRANTS** Defendants'

Motion (#92) to Dismiss. Accordingly, the Court **DISMISSES**  
Plaintiffs' First Amended Complaint **with prejudice**.

IT IS SO ORDERED.

DATED this 27<sup>th</sup> day of July, 2018.



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ANNA J. BROWN  
United States Senior District Judge